

PERFORMANCE FEES

Frequently Asked Questions

Coronation Management Company Limited | Registration Number: 1995/010002/06

• **Which Coronation funds charge performance fees?**

Domestic:

Coronation Balanced Defensive*
Coronation Capital Plus
Coronation SA Capital Plus
Coronation Absolute
Coronation Market Plus
Coronation Equity
Coronation Top 20

International:

Coronation Global Capital Plus [ZAR] Fund
Coronation Global Managed [ZAR]
Coronation Optimum Growth
Coronation Global Emerging Markets Flexible [ZAR]
Coronation World Equity [ZAR] Fund of Funds

*No performance fees but standard fees are discounted on underperformance

• **What are the minimum and maximum fees, the fee hurdles and the sharing rates?**

- What are the minimum² fees for the relevant funds and classes?
- What are the maximum fees for the relevant funds and classes?
- At which performance levels (also called the fee hurdles³) will Coronation charge more than the minimum fees?
- What portion of the funds' performances will Coronation be entitled to share should the funds perform above their fee hurdles (also called sharing rate)?

DOMESTIC			Class Type ¹		
			Retail	Institutional	All-in-fee
Balanced Defensive	Minimum Fees ²	Standard	1.50%	1.25%	2.60%
		Discounted	0.00%	0.00%	1.50%
	Maximum Fees		1.50%	1.25%	2.60%
Capital Plus	Minimum Fees ²	Standard	1.25%	1.00%	2.35%
		Discounted	0.75%	0.50%	1.85%
	Maximum Fees		2.25%	2.00%	3.35%
	Fee Hurdle ³		CPI+4%	CPI+4%	CPI+4%
Sharing Rate ⁴		10%	10%	10%	
SA Capital Plus	Minimum Fees ²	Standard	1.25%	N/A	2.35%
		Discounted	0.75%	N/A	1.85%
	Maximum Fees		2.25%	2.00%	3.35%
	Fee Hurdle ³		CPI+3.5%	N/A	CPI+3.5%
Sharing Rate ⁴		10%	N/A	10%	
Absolute	Minimum Fees ²	Standard	1.25%	N/A	2.35%
		Discounted	0.75%	N/A	1.85%
	Maximum Fees		3.00%	N/A	4.10%
	Fee Hurdle ³		CPI +6%	N/A	CPI+6%
Sharing Rate ⁴		20%	N/A	20%	
Market Plus	Minimum Fees ²	Standard	1.25%	1.00%	2.35%
		Discounted	0.75%	0.50%	1.85%
	Maximum Fees		3.00%	2.75%	4.10%
	Fee Hurdle ³		Composite* +2%	Composite* +2%	Composite* +2%
Sharing Rate ⁴		20%	20%	20%	
Equity	Minimum Fees ²	Standard	1.10%	0.85%	2.20%
		Discounted	0.50%	0.50%	1.60%
	Maximum Fees		3.00%	2.75%	4.10%
	Fee Hurdle ³		FTSE/JSE SWIX	FTSE/JSE SWIX	FTSE/JSE SWIX
Sharing Rate ⁴		15%	15%	15%	
Top 20	Minimum Fees ²	Standard	1.00%	0.75%	2.10%
		Discounted	0.50%	0.50%	1.60%
	Maximum Fees		3.00%	2.75%	4.10%
	Fee Hurdle ³		Top 40 Index	Top 40 Index	Top 40 Index
Sharing Rate ⁴		20%	20%	20%	

Refer to end of document for explanatory notes 1 – 8 raised in any of the above-mentioned questions

INTERNATIONAL			Class Type ¹		
			Retail	Institutional	All-in-fee
Global Capital Plus [ZAR]	Minimum Fees ²	Standard	1.35%	1.10%	2.45%
		Discounted	0.75%	0.75%	1.85%
	Maximum Fees		2.85%	2.60%	3.95%
	Fee Hurdle ³		Foreign Cash** +1.5%	Foreign Cash** +1.5%	Foreign Cash** +1.5%
	Sharing Rate ⁴		15%	15%	15%
Global Managed [ZAR]	Minimum Fees ²	Standard	1.35%	1.10%	2.45%
	Maximum Fees		3.00%	2.75%	4.10%
	Fee Hurdle ³		Composite***	Composite***	Composite***
Sharing Rate ⁴		20%	20%	20%	
Optimum Growth	Minimum Fees ²	Standard	1.00%	0.75%	2.10%
	Maximum Fees		3.00%	2.75%	4.10%
	Fee Hurdle ³		CPI+5%	CPI+5%	CPI+5%
Sharing Rate ⁵		15%	15%	15%	
GEM Flexible [ZAR]	Minimum Fees ²	Standard	1.35%	1.10%	2.45%
	Maximum Fees		3.00%	2.75%	4.10%
	Fee Hurdle ³		MSCI EM Index	MSCI EM Index	MSCI EM Index
Sharing Rate ⁴		20%	20%	20%	
World Equity [ZAR]	Minimum Fees ²	Standard	1.35%	1.10%	2.45%
	Maximum Fees		3.00%	2.75%	4.10%
	Fee Hurdle ³		MSCI World Index	MSCI World Index	MSCI World Index
	Sharing Rate ⁴		10%	10%	10%

*Composite comprises weightings of 63% equity, 22% bonds, 10% international and 5% cash

**Foreign Cash comprises weightings of 50% USD 3 month LIBOR and 50% 3 month EURIBOR

***Composite comprises weightings of 60% MSCI World Index and 40% Citigroup World Government Bond Index

Note: The fees as disclosed in this table are exclusive of VAT.

• **Under which circumstances will the discounted minimum fees be charged?**

FUND	Discounted minimum charged when:
Coronation Capital Plus	When fund delivers a negative return over rolling 12 months
Coronation SA Capital Plus	When fund delivers a negative return over rolling 12 months
Coronation Absolute	When fund delivers a negative return over rolling 36 months
Coronation Market Plus	When fund delivers a negative return over rolling 60 months
Coronation Top 20	When fund underperforms the benchmark over rolling 24 months
Coronation Optimum Growth	Discounted minimum fee not applicable
Coronation Balanced Defensive	When the fund delivers a negative return over rolling 24 months*
Coronation Equity	Discounted minimum fee not applicable
Coronation Global Capital Plus [ZAR] Fund	When fund delivers a negative return in USD over rolling 12 months
Coronation Global Managed [ZAR]	Discounted minimum fee not applicable
Coronation Global Emerging Markets Flexible [ZAR]	Discounted minimum fee not applicable
Coronation World Equity [ZAR] Fund of Funds	Discounted minimum fee not applicable

*The Balanced Defensive discounted fee is two tiered, when the fund delivers a negative return over a rolling 12-month period the discounted fee of 0.75% will apply. When the fund delivers a negative return over a rolling 24-month period Coronation will forego the total annual management fee until the historical 24-month rolling return is positive.

• **Are the fee hurdles the same as the relevant fund benchmarks?**

Yes, the fee hurdles are the same as the relevant fund benchmarks, except for Global Capital Plus [ZAR] where the fee hurdle is the benchmark + 1.5%, and for Market Plus where the fee hurdle is the benchmark + 2%.

• **Will more than the minimum fee be charged regardless of whether a fund is experiencing positive or negative returns?**

No, when a fund is experiencing negative returns over the relevant rolling period, the fund does not charge more than the standard minimum fee. In addition, the fund may even charge the lower 'discounted minimum fee' for negative performance (see detail provided under question 3). Top 20, Equity, Global Managed [ZAR], Global Emerging Markets [ZAR] and World Equity [ZAR] are relative funds, which means performance fees are charged when the funds outperform their respective hurdles regardless of whether the fund is experiencing positive or negative returns.

Refer to end of document for explanatory notes 1 – 8 raised in any of the above-mentioned questions

• **When fund performance is considered, are fees included or excluded (net of fees or gross of fees)?**

Performance fees are paid on the retail class' outperformance net of all fees. In other words, the fund must generate outperformance in excess of all retail class fees (including performance fees) already accrued before starting to earn anything more than the standard minimum fee.

• **What fee rate will be charged if⁸:**

- the funds perform 10% pa less than the fee hurdle?
- the funds perform 10% pa more than the fee hurdle?
- the funds perform in line with the fee hurdle?
- the funds perform 5% pa less than the fee hurdle?
- the funds perform 5% pa more than the fee hurdle?

RETAIL CLASSES	-10%	-5%	Fee Hurdle	5%	10%
Balanced Defensive (A): when return positive	1.50	1.50	1.50	1.50	1.50
Balanced Defensive (A): when return negative over 12 months	0.75	0.75	0.75	0.75	0.75
Balanced Defensive (A): when return negative over 24 months	0.00	0.00	0.00	0.00	0.00
Capital Plus (A)	0.75	1.25	1.25	1.75	2.25
SA Capital Plus (A)	0.75	1.25	1.25	1.75	2.25
Absolute:when return positive over 36 months (A)	1.25	1.25	1.25	2.25	3.00
Absolute:when return negative over 36 months (A)	0.75	0.75	0.75	0.75	0.75
Market Plus:when return positive over 60 months (A)	1.25	1.25	1.25	2.25	3.00
Market Plus:when return negative over 60 months (A)	0.75	0.75	0.75	0.75	0.75
Equity (A)	1.10	1.10	1.10	1.85	2.60
Top 20 (A)	0.50	0.50	1.00	2.00	3.00
Global Capital Plus [ZAR] (A): when return positive over 12 months (in US dollars)	1.35	1.35	1.35	2.10	2.85
Global Capital Plus [ZAR] (A): when return negative over 12 months (in US dollars)	0.75	0.75	0.75	0.75	0.75
Global Managed [ZAR] (A)	1.35	1.35	1.35	2.35	3.00
Optimum Growth (A)	1.00	1.00	1.00	1.75	2.50
GEM Flexible [ZAR] (A)	1.35	1.35	1.35	2.35	3.00
World Equity [ZAR] (A)	1.35	1.35	1.35	1.85	2.35

INSTITUTIONAL CLASSES	-10%	-5%	Fee Hurdle	5%	10%
Balanced Defensive (B3): when return positive	1.25	1.25	1.25	1.25	1.25
Balanced Defensive (B3): when return negative over 12 months	0.75	0.75	0.75	0.75	0.75
Balanced Defensive (B3): when return negative over 24 months	0.00	0.00	0.00	0.00	0.00
Capital Plus B4	0.50	1.00	1.00	1.48	1.98
SA Capital Plus N/A	N/A	N/A	N/A	N/A	N/A
Absolute N/A	N/A	N/A	N/A	N/A	N/A
Absolute N/A	N/A	N/A	N/A	N/A	N/A
Market Plus: when return positive over 60 months (B3)	1.00	1.00	1.00	1.95	2.75
Market Plus: when return negative over 60 months (B3)	0.50	0.50	0.50	0.50	0.50
Equity (B2)	0.85	0.85	0.85	1.56	2.31
Top 20 (B2)	0.50	0.50	0.75	1.75	2.00
Global Capital Plus [ZAR] (B3): when return positive over 12 months (in US dollars)	1.10	1.10	1.10	1.81	2.56
Global Capital Plus [ZAR] (B3): when return negative over 12 months (in US dollars)	0.75	0.75	0.75	0.75	0.75
Global Managed [ZAR] (B3)	1.10	1.10	1.10	2.05	2.75
Optimum Growth (B3)	0.75	0.75	0.75	1.46	2.21
GEM Flexible [ZAR] (B3)	1.10	1.10	1.10	1.58	2.08
World Equity [ZAR] (B2)	1.10	1.10	1.10	1.58	2.08

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ALL-IN CLASSES	-10%	-5%	Fee Hurdle	5%	10%
Balanced Defensive (B): when return positive	2.60	2.60	2.60	2.60	2.60
Balanced Defensive (B): when return negative over 12 months	1.85	1.85	1.85	1.85	1.85
Balanced Defensive (B): when return negative over 24 months	1.50	1.50	1.50	1.50	1.50
Capital Plus (B)	2.35	2.35	2.46	2.96	3.35
SA Capital Plus (B)	2.35	2.35	2.46	2.96	3.35
Absolute: when return positive over 36 months (B2)	2.35	2.35	2.57	3.57	4.57
Absolute: when return negative over 36 months (B2)	1.75	1.75	1.75	1.75	1.75
Market Plus: when return positive over 60 months (B)	2.35	2.35	2.57	3.57	4.10
Market Plus: when return negative over 60 months (B)	1.85	1.85	1.85	1.85	1.85
Equity (B)	2.20	2.20	2.37	3.12	3.87
Top 20 (B)	1.60	1.60	2.32	3.32	4.10
Global Capital Plus [ZAR] (B): when return positive over 12 months (in US dollars)	2.45	2.45	2.62	3.37	3.95
Global Capital Plus [ZAR] (B): when return negative over 12 months (in US dollars)	1.85	1.85	1.85	1.85	1.85
Global Managed [ZAR] (B)	2.45	2.45	2.67	3.67	4.10
Optimum Growth (B)	2.10	2.10	2.27	3.02	4.02
GEM Flexible [ZAR] (B)	2.45	2.45	2.67	3.67	4.10
World Equity [ZAR] (B)	2.45	2.45	2.56	3.06	3.31

- **Do any other classes of the funds charge fixed fees instead of performance fees?**

No

- **Are the performance fees accrued daily (also called the Fee Accrual Frequency)?**

Yes

- **Do performance fee accruals pertain to performance periods more than a month prior to accrual?**

No. Performance fees are accrued based on the most recent fund performance versus that of the relevant benchmark. For the funds with an inflation-related benchmark the inflation data is obtained in arrears, but the performance periods are not lagged.

- **Is a rolling measurement period used?**

Yes, except for Optimum Growth, a rolling measurement period is used. Where rolling measurement periods are used, certain unit holders may carry a lower proportion of the performance fee relative to performance enjoyed, whilst other investors may carry a higher proportion of the performance fee relative to performance enjoyed. This effect is restricted to the initial 12 months (where a 12 month rolling measurement period is used) or 24 months (where a 24 month rolling measurement period is used), of a unit holder's investment only. A cumulative measurement period is used for the Optimum Growth Fund.

- **How often is the performance fee payable (also called the 'Fee Payment Frequency')?**

For Optimum Growth the performance fee is paid annually on 30 September. For all other relevant funds the performance fee is paid monthly.

- **Should the fund experience underperformance of the fee hurdle, how long is that underperformance held against Coronation?**

For Capital Plus, SA Capital Plus, Absolute, Market Plus, Global Capital Plus [ZAR], GEM Flexible [ZAR] and World Equity [ZAR] Fund of Funds the underperformance is held against Coronation for a rolling 12-month period.

For Top 20 and Equity underperformance is held against Coronation for a rolling 24-month period.

For Optimum Growth underperformance is held against Coronation for 12 calendar months up to the reset point of 30 September each year.

- **Does performance in excess of the hurdle rate need to overcome prior underperformance (also called a high-water mark system)? If so, explain whether fee accruals are simply suspended or whether past fee accruals are refunded. Also, disclose the circumstances under which the high-water mark expires, if at all.**

Yes, a high-water mark system is in place with past accruals refunded when the fund performance dips below the high-water mark. For all funds the high-water mark system applies to each charging period (as determined by the fee payment frequency) and is thus reset monthly for all funds except for Optimum Growth where it is reset annually on 30 September.

- **Do any underlying funds charge implicit performance fees?**

Apart from the World Equity [ZAR] FoF which invest primarily in other funds the Coronation funds are all "hybrid funds" which means a combined maximum of 20% of the funds' market value may be invested in one or more other funds. Some of the Coronation funds may at times make use of this provision and the underlying funds used may charge implicit performance fees. Where underlying funds are used and such underlying funds charge implicit performance fees (i.e. implicit in their unit prices), unit holders may carry these performance fees regardless of whether the top-tier fund or mandate has outperformed its own benchmark. Such implicit performance fees are however included in the disclosed total expense ratio (TER) of the relevant fund when applicable.

Coronation does not charge an additional layer of fees where one Coronation fund invests in another Coronation fund.

Refer to end of document for explanatory notes 1 – 8 raised in any of the above-mentioned questions

EXPLANATORY NOTES:

What are the minimum and maximum fees, the fee hurdles and the sharing rates?

1. The different fee class types are available to different investors or via different investment channels. The 'Retail' class of each fund is available to retail investors investing directly. The 'Institutional' class of each fund is available only to institutional investors or to retail investors through certain LISP platforms. The 'All-in' class of each fund is available only to retail investors through certain LISP platforms and includes a 1.50% fee charged on behalf of the LISP for their administration and advice fees. The relevant class designations are:

RETAIL

Balanced Defensive	Class A
Capital Plus	Class A
SA Capital Plus	Class A
Absolute	Class A
Market Plus	Class A
Equity	Class A
Top 20	Class A
Global Capital Plus [ZAR]	Class A
Global Managed [ZAR]	Class A
Optimum Growth	Class A
Global Emerging Markets Flexible [ZAR]	Class A
World Equity [ZAR] FoF	Class A

INSTITUTIONAL

Balanced Defensive	Class B3
Capital Plus	Class B4
SA Capital Plus	N/A
Absolute	N/A
Market Plus	Class B3
Equity	Class B2
Top 20	Class B2
Global Capital Plus [ZAR]	Class B3
Global Managed [ZAR]	Class B3
Optimum Growth	Class B3
Global Emerging Markets Flexible [ZAR]	Class B3
World Equity [ZAR] FoF	Class B2

ALL-IN

Balanced Defensive	Class B
Capital Plus	Class B
SA Capital Plus	Class B
Absolute	Class B2
Market Plus	Class B
Equity	Class B
Top 20	Class B
Global Capital Plus [ZAR]	Class B
Global Managed [ZAR]	Class B
Optimum Growth	Class B
Global Emerging Markets Flexible [ZAR]	Class B
World Equity [ZAR] FoF	Class B

2. Seven of the funds have a standard minimum fee and a discounted minimum fee. The standard minimum fee is discounted under certain circumstances of underperformance, when the discounted minimum fee will apply (see question 3 for more detail).
3. For all three classes the level at which Coronation starts sharing in the funds' performance is determined by applying the fee hurdle to the performance of the retail (A) class of the relevant fund.
4. For these funds a rolling 12-month period is used as the measurement period for the purposes of determining fund performance relative to the fee hurdle.
5. For this fund financial year to date is used as measurement period for the purpose of determining fund performance relative to the fee hurdle.
6. For these funds a rolling 24-month period is used as measurement period for the purpose of determining fund performance relative to the fee hurdle. (Top 20, Equity)

When fund performance is considered, are fees included or excluded (net of fees or gross of fees)?

7. For all three classes the level at which Coronation starts sharing in the funds' performance is determined by applying the fee hurdle to the performance of the retail (A) class of the relevant fund.

What fee rate will be charged if⁸:

8. The performance fees for the institutional classes and all-in classes are determined by applying the fee hurdle to the performance of the retail (A) class of the relevant fund.

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